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**UNITED STATES OF AMERICA  
DEPARTMENT OF TRANSPORTATION  
OFFICE OF THE SECRETARY  
WASHINGTON, D.C.**

Issued by the Department of Transportation  
on the 31st day of October, 2001

Served: November 5, 2001

Essential Air Service at

**CORDOVA, ALASKA  
GUSTAVUS, ALASKA  
PETERSBURG, ALASKA  
WRANGELL, ALASKA  
YAKUTAT, ALASKA  
MASSENA, NEW YORK  
OGDENSBURG, NEW YORK  
WATERTOWN, NEW YORK  
DODGE CITY, KANSAS  
GARDEN CITY, KANSAS  
GREAT BEND, KANSAS  
HAYS, KANSAS  
LIBERAL, KANSAS/  
GUYMON, OKLAHOMA**

under 49 U.S.C. 41731 *et seq.*

**Dockets**    **OST-96-1898-8**  
                  **OST-96-1953-8**  
                  **OST-97-2842-16**  
                  **OST-98-3497-15**  
                  **OST-98-3498-7**  
                  **OST-98-3502-9**  
                  **OST-98-3503-7**  
                  **OST-98-4899-3**

**ORDER EXTENDING SUBSIDY RATES**

By this order, the Department is extending the final subsidy rates of (1) Alaska Airlines at Cordova, Gustavus, Petersburg, Wrangell and Yakutat, Alaska; (2) Mesa Airlines at Massena, Ogdensburg and Watertown, New York; (3) Great Lakes Aviation at Dodge City, Garden City, Hays, and Liberal, Kansas; and (4) Air Midwest at Dodge City, Garden City, Hays and Great Bend, Kansas.

All of the rates listed above expired on September 30, 2001. We are extending these rates as interim rates until further action by the Department, subject to adjustment retroactive to October 1, 2001, pending the resolution of the Department's final fiscal year 2002 budget.

In addition, we will revise the subsidy payout for Great Lakes' service between Hays and Denver to reflect 12 rather than 18 round trips a week. Consistent with the community's essential air service determination, the Department has traditionally subsidized 12 Hays-Denver round trips a week. Early last year, however, Great Lakes proposed serving the community on a Salina-Hays-Denver routing, with projected revenues at Salina, whose service to Denver was unsubsidized, slightly exceeding the cost of operating the Salina-Hays segment. Consequently, Great Lakes offered to operate 18 Salina-Hays-Denver round trips a week at a subsidy of \$739,444 a year as opposed to operating 12 Hays-Denver round trips a week at a subsidy of \$778,183 a year, thus enabling the Department to support more service at Hays at a lower subsidy rate.<sup>1</sup> Recently, however, Great Lakes decided to discontinue its service at Salina.<sup>2</sup>

As a result, the prospect of paying higher subsidy for 18 round trips a week at Hays appears more certain than the need for them and, in view of all the uncertainties of present circumstances, we are not prepared to authorize the continuation of that higher service level for the interim period. We have received letters in support of 18 round trips from the Hays community, and we intend to examine the issue more closely when we ultimately establish a new rate term for Great Lakes' service.

This order is issued under authority assigned in 14 CFR 385.12(k).

#### **ACCORDINGLY**

1. The Department extends the final subsidy rate of Alaska Airlines, Inc., for the provision of essential air service at Cordova, Gustavus, Petersburg, Wrangell and Yakutat, Alaska, set forth in Order 98-12-13, until further action;
2. The Department extends the final subsidy rate of Mesa Airlines, Inc., for the provision of essential air service at Massena, Ogdensburg and Watertown, New York, set forth in Order 2000-4-2, until further action;
3. Except as noted in ordering paragraph 5 below, the Department extends the final subsidy rates of Great Lakes Aviation, Ltd., for the provision of essential air service at Dodge City, Garden City, and Hays, Kansas, and Liberal, Kansas/Guymon, Oklahoma, set forth in Order 2000-2-18, until further action;
4. The Department extends the final subsidy rates of Air Midwest, Inc., for the provision of essential air service at Dodge City, Great Bend, Hays, and Garden City, Kansas, set forth in Order 2000-10-21, until further action;

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<sup>1</sup> See Order 2000-2-18, February 14, 2000.

<sup>2</sup> See Order 2001-8-6, August 3, 2001.

5. The Department revises the rate of compensation for Great Lakes Aviation, Ltd., set forth in Order 2000-2-18, for the provision of essential air service at Hays, Kansas, from October 1, 2001, until further action, as follows: for each month during which essential air service is provided, the amount of compensation shall be subject to the weekly ceiling set forth in the Appendix, and shall be determined by multiplying the subsidy-eligible arrivals and departures completed during the month by \$602.64;<sup>3</sup>

6. The rates set by paragraphs 1 through 5 above are interim rates only and are subject to adjustment retroactive to October 1, 2001; and

7. The Department will serve a copy of this order on Alaska Airlines, Mesa Airlines, Great Lakes Aviation and Air Midwest.

Persons entitled to petition the Department for review of this order under the Department's Regulations, 14 CFR 385.50, must file such petitions within ten (10) days after the service date of this order.

This order will be effective immediately, and the filing of a petition for review will not preclude its effectiveness.

By:

**RANDALL D. BENNETT**

Director

Office of Aviation Analysis

(SEAL)

*An electronic version of this document is available on the World Wide Web at  
<http://dms.dot.gov/>*

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<sup>3</sup> See the Appendix for the calculation of this rate.

# APPENDIX

## GREAT LAKES AVIATION, LTD. ESSENTIAL AIR SERVICE AT HAYS, KANSAS

EFFECTIVE PERIOD	October 1, 2001, until further notice of the Department
SERVICE	12 nonstop Hays-Denver round trips a week
AIRCRAFT TYPE	Beech 1900 (19 seats)
TIMING OF FLIGHTS	Flights must be well-timed and well-spaced to ensure full compensation
SUBSIDY RATE PER ARRIVAL/DEPARTURE	\$602.64 <u>1/</u>
COMPENSATION CEILING EACH WEEK	\$14,463.36 <u>2/</u>

1/ Annual compensation of \$739,444 (Orders 2000-2-18, February 14, 2000, and 2000-6-14, June 19, 2000) divided by 1,227 annual arrivals and departures at a 98 percent completion factor, calculated as follows: 4 dpts x 313 service days x .98 = 1,227.

2/ Subsidy rate per arrival/departure of \$602.64 multiplied by 24 subsidy-eligible arrivals and departures each week.